

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Natick Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: December 5, 2019

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 and December 31 of each fiscal year. The schedule is effective in FY20 (since the amount under the prior schedule was maintained in FY20) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.375% to 7.25%.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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Funding Schedule

(1) Fiscal Year Ending June 30	(2) Employer Normal Cost	(3) Projected (a) or Unfunded Actuarial Accrued Liability	(4) Actuarially Determined Contributions (12) (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Actuarially Determined Contributions
2020	\$2,155,462	\$8,396,028	\$10,551,490	\$88,480,466	--
2021	2,234,506	9,161,104	11,395,609	89,847,399	8.00%
2022	2,316,424	9,990,834	12,307,258	88,518,445	8.00%
2023	2,401,320	10,890,519	13,291,839	86,425,739	8.00%
2024	2,489,303	11,865,882	14,355,186	85,106,476	8.00%
2025	2,580,484	12,923,116	15,503,601	78,986,981	8.00%
2026	2,674,979	14,068,910	16,743,889	71,093,910	8.00%
2027	2,772,906	15,310,494	18,083,400	61,421,043	8.00%
2028	2,874,390	16,655,681	19,530,072	49,738,392	8.00%
2029	2,979,560	18,112,917	21,092,477	35,791,061	8.00%
2030	3,088,547	19,637,400	22,725,948	19,296,772	7.74%
2031	3,201,491	0	3,201,491	0	-85.91%

Notes: Actuarially Determined Contributions are assumed to be paid on July 1 and December 31.

Assumes contribution of budgeted amount for fiscal year 2020.

Item (2) increases at 3.25% per year, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Projected normal cost does not reflect the impact of pension reform for future hires.

Projected unfunded actuarial accrued liability reflects recognition of deferred investment losses.